

## KAWASAKI HEAVY INDUSTRIES, LTD. AND CONSOLIDATED SUBSIDIARIES FLASH CONSOLIDATED FINANCIAL RESULTS

For three months ended June 30, 2012 and 2011 and one year ended March 31, 2012

### Operating results

	Millions of yen		Thousands of U.S. dollars
	Three months ended	Three months ended	Three months ended
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2012
Net sales	¥ 283,530	¥ 291,579	\$ 3,574,959
Operating income	6,741	12,373	84,995
Net income	6,030	9,558	76,030
Earnings per share (Yen)	3.6	5.7	

### Financial condition

	Millions of yen / Thousand shares		Thousands of U.S. dollars
	As of	As of	As of
	Jun. 30, 2012	Mar. 31, 2012	Jun. 30, 2012
Total assets	¥ 1,374,217	¥ 1,362,139	\$ 17,327,159
Net assets	315,812	315,922	3,981,994
Number of shares issued and outstanding	1,671,813	1,671,815	
Equity Ratio	22.2%	22.4%	

### Cash flows

	Millions of yen		Thousands of U.S. dollars
	Three months ended	Three months ended	Three months ended
	Jun. 30, 2012	Jun. 30, 2011	Jun. 30, 2012
Operating activities	¥ 7,995	¥ (10,239)	\$ 100,806
Investing activities	(30,618)	(14,869)	(386,054)
Financing activities	22,629	11,189	285,323
Cash and cash equivalents at end of term	32,490	27,538	409,658

### Fiscal year forecast

	Millions of yen		
	Net sales	Operating income	Net income
One year ending March 31, 2013	¥ 1,380,000	¥ 52,000	¥ 34,000

- Notes : 1. This "FLASH CONSOLIDATED FINANCIAL RESULTS" and following financial statements have been prepared in conformity with generally accepted accounting principles and practices in Japan.
2. All US\$ amounts in these statements represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥79.31=\$1, the rate prevailing as of June 30, 2012, solely for the convenience of the readers.

## Condensed Consolidated Balance Sheets

As of June 30 and March 31, 2012

	Millions of yen		Thousands of
	As of Jun. 30, 2012	As of Mar. 31, 2012	U.S. dollars As of Jun. 30, 2012
<b>Assets :</b>			
Current assets :			
Cash on hand and in banks	¥ 33,440	¥ 34,316	\$ 421,636
Receivables, less allowance	387,786	416,479	4,889,497
Inventories	460,414	441,897	5,805,245
Other current assets	73,812	74,494	930,677
Total current assets	<u>955,452</u>	<u>967,186</u>	<u>12,047,055</u>
Investments and long-term loans less allowance	78,427	59,602	988,867
Net property, plant and equipment	279,221	274,750	3,520,628
Intangible and other assets	61,117	60,601	770,609
Total assets	<u>¥ 1,374,217</u>	<u>¥ 1,362,139</u>	<u>\$ 17,327,159</u>
<b>Liabilities and net assets :</b>			
Current liabilities :			
Short-term borrowings			
and current portion of long-term debt	¥ 178,130	¥ 147,924	\$ 2,245,996
Payables	286,779	310,775	3,615,925
Advances from customers	119,098	99,051	1,501,677
Other current liabilities	125,105	138,253	1,577,418
Total current liabilities	<u>709,112</u>	<u>696,003</u>	<u>8,941,016</u>
Long-term liabilities :			
Long-term debt, less current portion	256,933	259,243	3,239,604
Others	92,360	90,971	1,164,545
Total long-term liabilities	<u>349,293</u>	<u>350,214</u>	<u>4,404,149</u>
Net assets :			
Common stock	104,484	104,484	1,317,412
Capital surplus	54,394	54,394	685,840
Retained earnings	173,881	176,414	2,192,422
Treasury stock	(23)	(22)	(290)
Net unrealized gains on securities	2,808	3,989	35,405
Gains (losses) on hedging items	1,900	246	23,957
Foreign currency translation adjustments	(32,010)	(33,451)	(403,606)
Minority interests	10,378	9,868	130,854
Total net assets	<u>315,812</u>	<u>315,922</u>	<u>3,981,994</u>
Total liabilities and net assets	<u>¥ 1,374,217</u>	<u>¥ 1,362,139</u>	<u>\$ 17,327,159</u>

## Condensed Consolidated Statements of Income

For three months ended June 30, 2012 and 2011

	Millions of yen		<b>% Change</b>	Thousands of
	<b>Three months ended Jun.30, 2012</b>	Three months ended Jun.30, 2011		U.S. dollars
				<i>Three months ended Jun.30, 2012</i>
Net sales	¥ <b>283,530</b>	¥ 291,579	<b>-3%</b>	\$ 3,574,959
Cost of sales	<b>240,095</b>	244,361		<b>3,027,298</b>
Gross profit	<b>43,435</b>	47,218		547,661
Selling, general and administrative expenses	<b>36,694</b>	34,845		<b>462,666</b>
Operating income	<b>6,741</b>	12,373	<b>-46%</b>	84,995
Other income (expenses) :				
Interest and dividend income	<b>684</b>	688		8,624
Equity in income of unconsolidated subsidiaries and affiliates	<b>2,296</b>	2,098		28,950
Interest expense	<b>(1,017)</b>	(1,104)		(12,823)
Other, net	<b>3,023</b>	49		<b>38,116</b>
Income before income taxes and minority interests	<b>11,727</b>	14,104		147,862
Income taxes	<b>(5,101)</b>	(3,946)		(64,317)
Minority interests in net income of consolidated subsidiaries	<b>(596)</b>	(600)		(7,515)
Net income	¥ <b>6,030</b>	¥ 9,558	<b>-37%</b>	\$ 76,030

**Segment information**  
**Information by reportable segment**

Millions of yen					
Three months ended					
Jun.30,2011					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	¥ 27,751	¥ 102	¥ 27,853	¥ 26,903	¥ 950
Rolling Stock	25,878	63	25,941	25,893	48
Aerospace	40,029	442	40,471	41,369	(898)
Gas Turbine & Machinery	45,569	3,897	49,466	46,080	3,386
Plant & Infrastructure	23,825	1,919	25,744	24,745	999
Motorcycle & Engine	59,611	209	59,820	59,467	353
Precision Machinery	40,481	3,219	43,700	36,575	7,125
Other	28,435	7,671	36,106	35,180	926
<b>Total</b>	<b>291,579</b>	<b>17,522</b>	<b>309,101</b>	<b>296,212</b>	<b>12,889</b>
Eliminations and corporate	-	(17,522)	(17,522)	(17,006)	(516)
<b>Consolidated total</b>	<b>¥ 291,579</b>	<b>¥ -</b>	<b>¥ 291,579</b>	<b>¥ 279,206</b>	<b>¥ 12,373</b>

Millions of yen					
Three months ended					
Jun.30,2012					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
<b>Ship &amp; Offshore Structure</b>	<b>¥ 22,712</b>	<b>¥ 291</b>	<b>¥ 23,003</b>	<b>¥ 23,647</b>	<b>¥ (644)</b>
<b>Rolling Stock</b>	<b>28,830</b>	<b>105</b>	<b>28,935</b>	<b>28,789</b>	<b>146</b>
<b>Aerospace</b>	<b>49,614</b>	<b>708</b>	<b>50,322</b>	<b>49,433</b>	<b>889</b>
<b>Gas Turbine &amp; Machinery</b>	<b>45,387</b>	<b>3,756</b>	<b>49,143</b>	<b>46,467</b>	<b>2,676</b>
<b>Plant &amp; Infrastructure</b>	<b>19,840</b>	<b>3,080</b>	<b>22,920</b>	<b>22,723</b>	<b>197</b>
<b>Motorcycle &amp; Engine</b>	<b>53,430</b>	<b>162</b>	<b>53,592</b>	<b>53,939</b>	<b>(347)</b>
<b>Precision Machinery</b>	<b>36,101</b>	<b>2,763</b>	<b>38,864</b>	<b>34,872</b>	<b>3,992</b>
<b>Other</b>	<b>27,616</b>	<b>7,960</b>	<b>35,576</b>	<b>35,019</b>	<b>557</b>
<b>Total</b>	<b>283,530</b>	<b>18,825</b>	<b>302,355</b>	<b>294,889</b>	<b>7,466</b>
Eliminations and corporate	-	(18,825)	(18,825)	(18,100)	(725)
<b>Consolidated total</b>	<b>¥ 283,530</b>	<b>¥ -</b>	<b>¥ 283,530</b>	<b>¥ 276,789</b>	<b>¥ 6,741</b>

Thousands of U.S. dollars					
Three months ended					
Jun.30,2012					
	External sales	Intersegment sales	Total sales	Operating expenses	Operating income (loss)
Ship & Offshore Structure	\$ 286,370	\$ 3,669	\$ 290,039	\$ 298,159	\$ (8,120)
Rolling Stock	363,510	1,324	364,834	362,993	1,841
Aerospace	625,571	8,926	634,497	623,288	11,209
Gas Turbine & Machinery	572,273	47,358	619,631	585,891	33,740
Plant & Infrastructure	250,158	38,835	288,993	286,509	2,484
Motorcycle & Engine	673,686	2,043	675,729	680,103	(4,374)
Precision Machinery	455,188	34,838	490,026	439,692	50,334
Other	348,203	100,366	448,569	441,546	7,023
<b>Total</b>	<b>3,574,959</b>	<b>237,359</b>	<b>3,812,318</b>	<b>3,718,181</b>	<b>94,137</b>
Eliminations and corporate	-	(237,359)	(237,359)	(228,217)	(9,142)
<b>Consolidated total</b>	<b>\$ 3,574,959</b>	<b>\$ -</b>	<b>\$ 3,574,959</b>	<b>\$ 3,489,964</b>	<b>\$ 84,995</b>

## Net sales, orders and order backlog by industry segment

For three months ended June 30, 2012 and 2011 and as of June 30 and March 31, 2012

	Millions of yen			% Change	Thousands of U.S. dollars	
	Three months ended		Three months ended		Three months ended	
	Jun. 30, 2012		Jun. 30, 2011		Jun. 30, 2012	
<b>Net sales :</b>						
Ship & Offshore Structure	¥ 22,712	(8%)	¥ 27,751	(9%)	-18%	\$ 286,370
Rolling Stock	28,830	(10%)	25,878	(9%)	+11%	363,510
Aerospace	49,614	(17%)	40,029	(14%)	+24%	625,571
Gas Turbine & Machinery	45,387	(16%)	45,569	(16%)	-0%	572,273
Plant & Infrastructure	19,840	(7%)	23,825	(8%)	-17%	250,158
Motorcycle & Engine	53,430	(19%)	59,611	(20%)	-10%	673,686
Precision Machinery	36,101	(13%)	40,481	(14%)	-11%	455,188
Other	27,616	(10%)	28,435	(10%)	-3%	348,203
Total	¥ 283,530	(100%)	¥ 291,579	(100%)	-3%	\$ 3,574,959
<b>Orders :</b>						
Ship & Offshore Structure	¥ 30,345	(11%)	¥ 17,003	(7%)	+78%	\$ 382,612
Rolling Stock	25,350	(9%)	22,646	(9%)	+12%	319,632
Aerospace	34,434	(13%)	30,610	(12%)	+12%	434,170
Gas Turbine & Machinery	32,531	(12%)	31,377	(12%)	+4%	410,175
Plant & Infrastructure	37,186	(14%)	19,143	(8%)	+94%	468,868
Motorcycle & Engine	53,430	(20%)	59,611	(24%)	-10%	673,686
Precision Machinery	28,606	(10%)	43,490	(17%)	-34%	360,686
Other	29,675	(11%)	27,301	(11%)	+9%	374,165
Total	¥ 271,557	(100%)	¥ 251,181	(100%)	+8%	\$ 3,423,994

	Millions of yen			% Change	Thousands of U.S. dollars	
	As of		As of		As of	
	Jun. 30, 2012		Mar. 31, 2012		Jun. 30, 2012	
<b>Order backlog :</b>						
Ship & Offshore Structure	¥ 109,070	(8%)	¥ 102,870	(7%)	+6%	\$ 1,375,236
Rolling Stock	329,214	(23%)	345,170	(23%)	-5%	4,150,977
Aerospace	368,469	(25%)	386,376	(26%)	-5%	4,645,934
Gas Turbine & Machinery	386,963	(27%)	409,819	(27%)	-6%	4,879,120
Plant & Infrastructure	189,747	(13%)	181,698	(12%)	+4%	2,392,473
Motorcycle & Engine	-	(- %)	-	(- %)	-%	-
Precision Machinery	34,805	(2%)	42,300	(3%)	-18%	438,847
Other	27,939	(2%)	25,883	(2%)	+8%	352,276
Total	¥ 1,446,207	(100%)	¥ 1,494,116	(100%)	-3%	\$ 18,234,863

## Net Sales by geographic area

For three months ended June 30, 2012 and 2011

	Millions of yen			% Change	Thousands of U.S. dollars	
	As of		As of		As of	
	Jun. 30, 2012		Jun. 30, 2011		Jun. 30, 2012	
Japan	¥ 133,519	(47%)	¥ 117,989	(41%)	+13%	\$ 1,683,507
United States	58,545	(21%)	55,427	(19%)	+6%	738,179
Europe	21,595	(7%)	33,279	(11%)	-35%	272,285
Asia	44,946	(16%)	53,583	(18%)	-16%	566,712
Other	24,925	(9%)	31,301	(11%)	-20%	314,276
Total	¥ 283,530	(100%)	¥ 291,579	(100%)	-3%	\$ 3,574,959